Is Anyone in the Loop?

Algorithmic management, Europe's 2026 deadline, and the new era of automated accountability.



Based on the research of Jonathan H. Westover, PhD / Nexus Institute for Work and AI.

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Executives rely on the assumption that software only recommends, and humans decide. Regulators disagree. Fully automated deactivations and ‘rubber-stamp’ reviews are now categorizedrized as massive financial and legal liabilities.

The fine targeted fully automated account deactivations between 2018-2022 with insufficient d

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DIRECTING WORK

Restricting options, recommending tasks, setting pace.

EVALUATING WORK

Recording activity, scoring outputs, rating reliability.

DISCIPLINING WORKERS

Replacing humans, rewarding compliance, suspending access.

Knowledge work is the next frontier.



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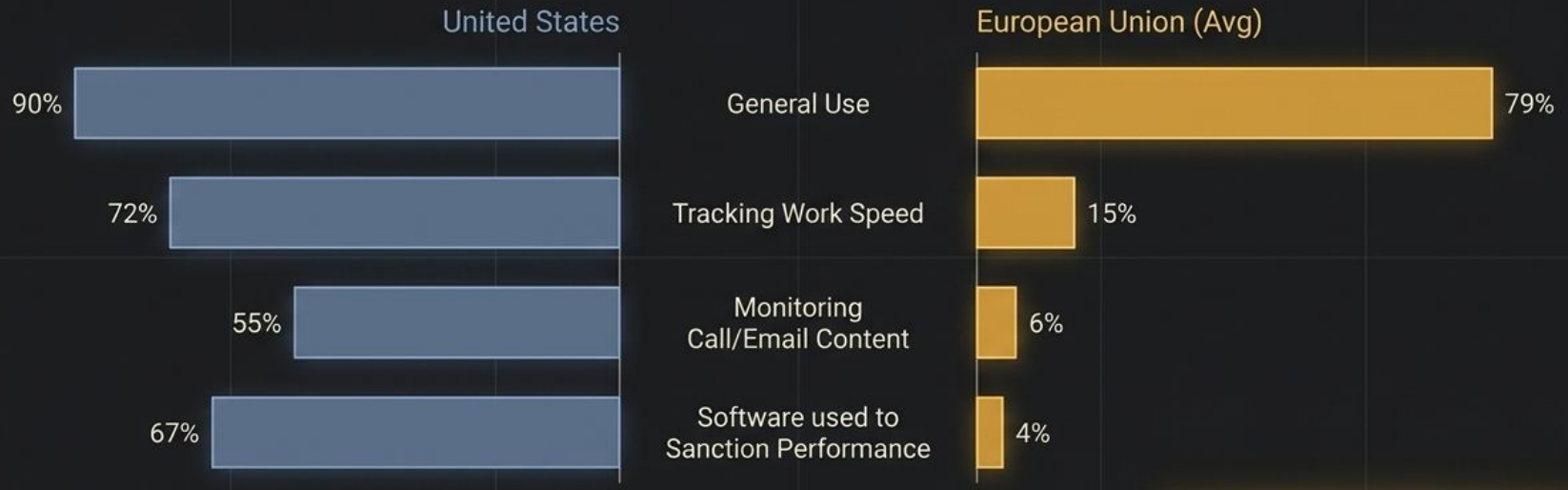
The Transatlantic Divide in Algorithmic Control



US firms use software to sanction performance at 16x the rate of European firms. This high-intensity model faces severe legal friction as it crosses borders.

Data: OECD Survey of 6,000 firms (2024)

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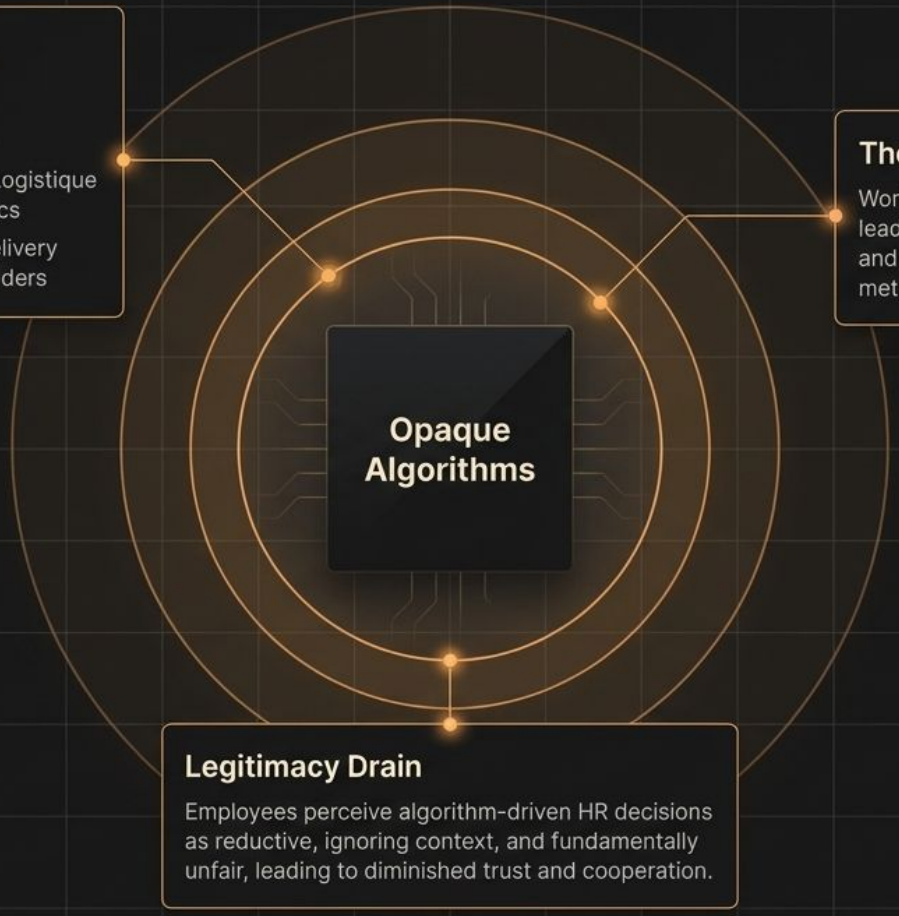

Legal & Financial Exposure

- €2.6M fine against Foodinho (Italy)
- €2.5M fine against Deliveroo (Italy)
- €15M fine against Amazon France Logistique for retaining granular scanner metrics
- €100M earnings hit projected by Delivery Hero (Glovo) to reclassify Spanish riders

The Invisible Cage

Workers cannot see how they are judged, leading to restricted output, risk avoidance, and gaming the system to optimize metrics while real performance drops.

Legitimacy Drain

Employees perceive algorithm-driven HR decisions as reductive, ignoring context, and fundamentally unfair, leading to diminished trust and cooperation.

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Algorithms act as work designers.

The same technology enriches or impoverishes a job based entirely on configuration choices like transparency and recourse.

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The Catalyst: December 2, 2026

2021-2024

Fragmented enforcement (Uber, Glovo, Amazon fines).

October 2024

EU Parliament adopts the Platform Work Directive.

December 2, 2026

National Transposition Deadline.

- Rebuttable presumption of employment (burden of proof shifts to the employer).
- Bans on processing emotional, psychological, or private conversation data.
- Mandatory right to an explanation and human review of significant decisions.
- Account restrictions or terminations MUST be taken by a human being.

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The Algorithmic Governance Blueprint



Moving from a compliance checklist to a lasting managerial capability.

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Step 1 - Employment Status

Concept:

Algorithmic control is the clearest legal evidence of employment.

Case Study:

Uber UK Supreme Court. Fares, monitored acceptance rates, and rating-based penalties triggered worker classification.

Action:

Treat contractor status as a software design choice.

Step 2 - Risk Inventories

Concept:

Map every system (including SaaS vendors) that assigns, schedules, or flags workers.

Case Studies:

- Microsoft Productivity Score (had to anonymize individual names to aggregate level).
- Amazon France Logistique (€15M fine for retaining granular, individual scanner metrics for 31 days).

Action:

Classify decisions by stakes and test for disparate impact.

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Matrix: Hollow vs. Meaningful Human Review

	Illusion (Non-Compliant)	Meaningful (Compliant)
Speed & Volume	High volume, measured on throughput, click-through approvals	Sufficient time allocated to consider the worker's defense
Data Access	Reviewer only sees the final algorithmic recommendation	Access to underlying data and parameters. (Ola Cabs/Uber Amsterdam ruling rejected 'trade secret' defenses when human harm is involved)
Authority & Incentives	Reviewers penalized for overriding the system (viewed as a productivity loss)	Authority to override without penalty; overrides are tracked as a sign of system health

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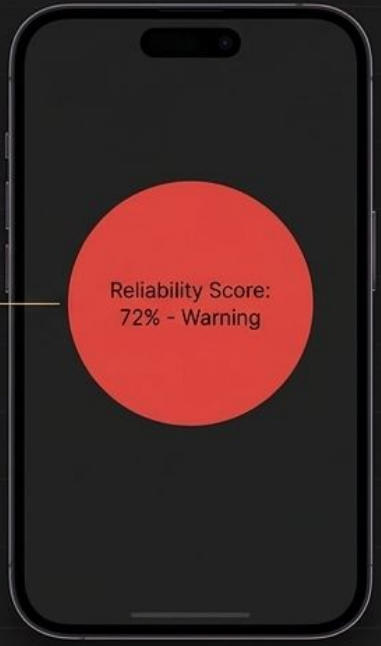
Opaque
(Non-Compliant)

Explainable
(Compliant)

1

Bologna Tribunal (Deliveroo): Fined €50,000 because the algorithm penalized riders for striking identically to unexcused absences.





2

California AB 701: Warehouses must disclose speed quotas and cannot fire workers for missing quotas if it interferes with rest/bathroom breaks.

3

Starbucks: Backlash against erratic algorithmic scheduling forced a return to one-week notice and human managerial discretion.

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Step 5: Co-Governing the System

The Data

55% of U.S. employees report having less influence over tech adoption than they should.

61% of highly monitored employees want more influence (Gallup 2025).



The Blueprint (Spain's 2021 Riders' Law)

Works councils now have statutory rights to be informed of the parameters and rules on which algorithms or AI systems are based.

Executive Actions

1. Consult before deployment, not after.
2. Share impact assessments with worker reps.
3. Fund independent technical experts for works councils to ensure consultations are substantive, not symbolic.

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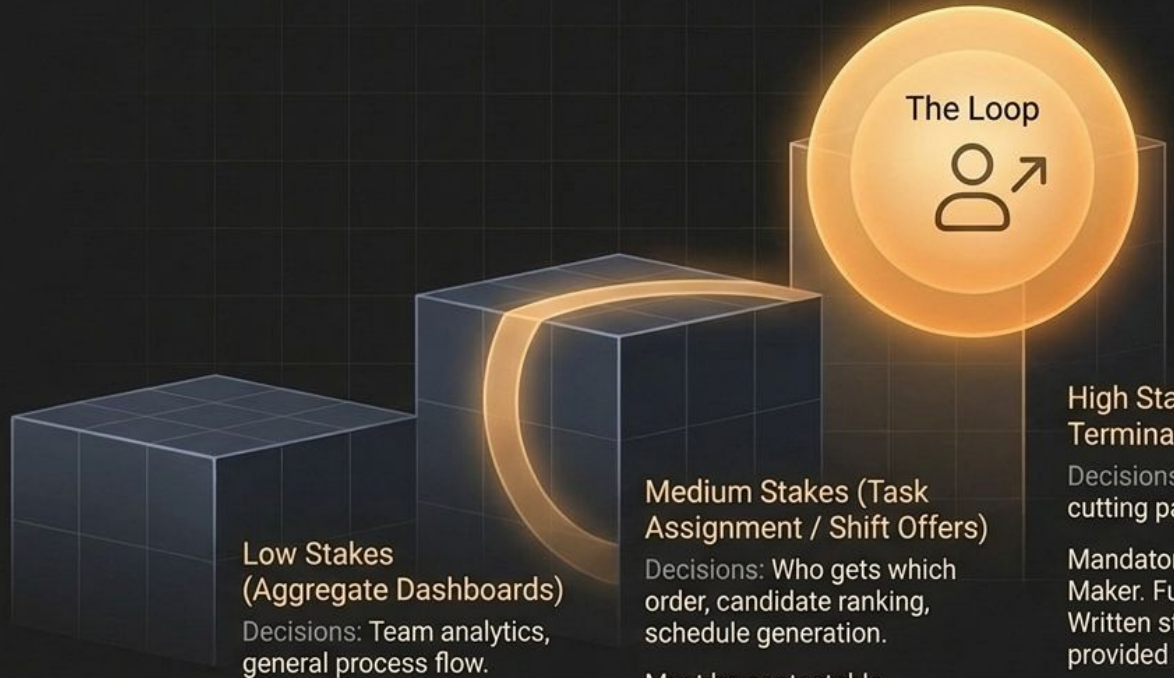
The Stakes-Based Governance Model



Low Stakes (Aggregate Dashboards)

Decisions: Team analytics, general process flow.

Periodic audit. No individual impact.

Medium Stakes (Task Assignment / Shift Offers)

Decisions: Who gets which order, candidate ranking, schedule generation.

Must be contestable, explainable, and subject to regular impact evaluation.

High Stakes (Suspensions / Terminations / Pay Deductions)

Decisions: Deactivating accounts, cutting pay, disciplinary flags.

Mandatory Human Decision-Maker. Full information access. Written statement of reasons provided to worker.

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The Strategic Choice: One Global Standard



The Dilemma

Multinationals can maintain two management philosophies (high-surveillance/sanction in the US vs. highly regulated in the EU) and risk cross-border legal contamination.

The Solution

Adopt a single global standard built around transparency, proportionality, and human review.

The Competitive Advantage

Treating algorithmic oversight as a core management skill—and offering transparent, contestable systems—is now a decisive advantage in global talent recruitment and retention.

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The Leader’s Checklist

- **Know your systems:** Build a complete inventory of every tool that directs, evaluates, or disciplines (including SaaS vendors).
- **Explain and contextualize:** Tell workers exactly what is measured and allow contextual overrides for penalties.
- **Protect consequential decisions:** Require informed human sign-off and written reasons for all suspensions or pay losses.
- **Watch the pace:** Prove that automated speed targets leave room for safety, breaks, and recovery.
- **Check contractor reality:** Ensure algorithmic control isn’t secretly converting contractors into employees.
- **Share governance:** Consult workers and works councils before configuring new algorithmic monitors.

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